

Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 EA-07 ISO-00 JUSE-00 FTC-01 L-03 INT-05

SS-15 SP-02 NSC-05 CIAE-00 INR-07 NSAE-00 OMB-01

TRSE-00 COME-00 /066 W

----- 037134

R 161211Z JUL 76

FM AMEMBASSY BRUSSELS

TO SECSTATE WASHDC 7442

INFO AMEMBASSY BONN

AMEMBASSY CANBERRA

AMEMBASSY HELSINKI

AMEMBASSY LONDON

AMEMBASSY OSLO

AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMEMBASSY STOCKHOLM

AMEMBASSY TOKYO

USMISSION EC BRUSSELS

USMISSION OECD PARIS

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E.O. 11652: N/A

TAGS: ETRD, US, BE

SUBJECT: ANTITRUST: INVESTIGATION OF MAJOR FOREIGN ZINC REFINERS

REF: STATE 98253

1. WE CALLED, AT HIS REQUEST, ON ASSISTANT CHEF DE CABINET
GUILLOT-PINQUE OF THE BELGIAN MINISTRY OF FOREIGN TRADE,
TO BE TOLD BELGIAN VIEWS ON THE U.S. DEPARTMENT OF JUSTICE ANTI-
TRUST INVESTIGATION OF MAJOR ZINC REFINERS. GUILLOT MADE
THE FOLLOWING POINTS ORALLY, MENTIONING THAT THE BELGIAN
EMBASSY IN WASHINGTON HAD BEEN INSTRUCTED TO MAKE THE SAME
DEMARCHE AT THE DEPARTMENT OF STATE.

-- THE BELGIAN MINISTRIES OF FOREIGN TRADE AND FOREIGN

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AFFAIRS URGE THE U.S. DEPARTMENT OF STATE TO INTERVENE

TO THE EXTENT IT CAN WITH THE DEPARTMENT OF JUSTICE TO INFLUENCE THE OUTCOME OF THE INVESTIGATION FAVORABLY. THE MOST FAVORABLE OUTCOME WOULD BE TO HALT THE INVESTIGATION.

-- THIS APPROACH REPRESENTS THE VIEWS OF THOSE TWO BELGIAN MINISTRIES ONLY--FOREIGN AFFAIRS AND FOREIGN TRADE. NO OTHER DEPARTMENTS HAVE BEEN CONSULTED BEFORE UNDERTAKING THIS APPROACH, NOR HAS THERE BEEN ANY CONSULTATION WITH OTHER GOVERNMENTS. IT IS BEING HANDLED AT PRESENT PURELY ON A BILATERAL BASIS.

-- THE BELGIAN FIRMS WHICH HAVE BEEN CONTACTED BY JUSTICE ARE WILLING TO RESPOND IN SOME MEASURE TO THE QUESTIONS OF THE INVESTIGATORS, BUT THEY ARE REQUESTING A DELAY UNTIL SEPTEMBER 15. THE REASON FOR THE DELAY IS THAT THEY FIRST SOUGHT COUNSEL AS TO WHAT COURSE TO FOLLOW, AND ONLY RECENTLY DETERMINED TO TAKE A CONCILIATORY APPROACH.

-- THE BELGIAN FIRMS UNDER INVESTIGATION ARE CONFIDENT THAT THEY CAN ESTABLISH SATISFACTORILY THAT THE CHARGES OF COLLUSIVE PRICING AND OTHER CARTEL-LIKE BEHAVIOR TO NOT APPLY TO THEM.

-- AT THE SAME TIME, THEY FIND THE QUESTIONS PUT TO THEM BY JUSTICE TO BE DIFFICULT TO ADDRESS, INDISCREET, AND EVEN INSIDIOUS IN THEIR IMPLICATIONS.

-- ONLY ABOUT 10 PERCENT OF BELGIAN ZINC PRODUCTION IS SOLD IN THE U.S. SEVENTY PERCENT IS SOLD WITHIN THE EUROPEAN COMMUNITIES, AND ABOUT 20 PERCENT TO THE REST OF THE WORLD.

-- TAKING ALL OF THE ABOVE INTO CONSIDERATION, IT WOULD BE DESIRABLE THAT THIS INVESTIGATION NOT PROCEED IN SUCH FASHION AS TO PUT A STRAIN ON THE EXCELLENT POLITICAL AND ECONOMIC RELATIONS BETWEEN OUR TWO COUNTRIES.

NOTE: IN AN ASIDE, GOILLOT MENTIONED THAT ACCORDING TO UNCONFIRMED INDUSTRY SOURCES, FRANCE AND JAPAN HAVE ALREADY MADE DEMARCHES TO THE U.S. GOVERNMENT SIMILAR TO THEIRS ON BEHALF OF THEIR ZINC INDUSTRIES.

2. WE ASSURED GUILLOT THAT THE VIEWS OF THE MINISTRIES OF FOREIGN TRADE AND FOREIGN AFFAIRS WOULD BE BROUGHT TO THE ATTENTION OF APPROPRIATE U.S. AUTHORITIES AND THAT WE WOULD SEEK GUIDANCE ON HOW TO RESPOND. WE POINTED OUT, HOWEVER, THAT THE ROLE OF THE U.S. DEPARTMENT OF STATE IN A JUSTICE ANTITRUST INVESTIGATION
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IS CIRCUMSCRIBED.

3. ACTION REQUESTED: PLEASE PROVIDE US WITH COMMENTS ON THE DATA PROVIDED BY THE BELGIAN GOVERNMENT AND GUIDANCE FOR AN INFORMAL RESPONSE INCLUDING AT LEAST GENERAL REMARKS ON THE PRESENT STATUS OF THE INVESTIGATION. PLEASE KEEP US INFORMED IF A BELGIAN EMBASSY DEMARCHE IS MADE. FIRESTONE

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